

Message Text

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PAGE 01 TURIN 00341 271612Z POSS DUPE
ACTION EUR-12

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L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15
USIA-15 AID-05 COME-00 EB-08 FRB-01 TRSE-00
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FM AMCONSUL TURIN
TO SECSTATE WASHDC 0744
INFO AMEMBASSY ROME
AMCONSUL MILAN

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E.O. 11652: N/A
TAGS: BEXP, ECON, IT
SUBJ: LA SALLE-CIMAT FINALIZES LIQUIDATION PROCEEDINGS

1. AFTER ALMOST ONE YEAR SINCE LA SALLE-CIMAT S ANNOUNCEMENT OF LIQUIDATION AND LABOR STRIKES INVOLVING PLANT OCCUPATION WHICH PROCEEDED, COMPANY IS NOW IN PROCESS OF SELLING ITS EQUIPMENT, PREMISES AND PLANT THROUGH THREE SEPARATE COMPANIES. FOR LAST SEVERAL MONTHS COMPANY HAD BEEN IN DESPERATE SEARCH FOR HOPEFUL NEW OWNER OR JOINT VENTURE ARRANGEMENT IN EFFORT CONTINUE OPERATIONS OR FACILITATE JOB RELOCATIONS OF FIRM S ONCE MORE THAN 300 WORKERS. AFTER SERIES OF UNSUCCESSFUL NEGOTIATIONS, HOWEVER, MAJOR PORTION OF COMPANY S WORKERS WERE RELEASED OR RELOCATED AND COMPANY IS NOW IN PROGRESS OF LEAVING ITALY PERMANENTLY.

2. IN RECENT DISCUSSION AT CONSULATE FORMER LA SALLE-CIMAT GENERAL MANAGER AND PRESENT COMPANY LIQUIDATOR, MATTIEU MCPHEELY, INFORMED E/C OFFICER THAT LA SALLE-CIMAT LIQUIDATION INCLUDING COMPLETE SALE OF COMPANY S FIXED ASSETS WOULD PROBABLY BE COMPLETED WITHIN NEXT SIX MONTHS. MCPHEELY POINTED OUT THAT COMPANY HAD ALREADY SOLD 20 MACHINES
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UNDER PUBLIC AUCTION THROUGH U.S. FIRM WORLD WIDE EQUIPMENT OF DETROIT AND WOULD BE SELLING FIRMS LAND AND BUILDING THROUGH TURIN REAL ESTATE COMPANY FISP AO (AFFILIATE D WITH ITALIAN BANK ISTITUTO BANCARIO SAN PAOLO DI TOTINO). MCPHEELY NOTED THAT LA SALLE-CIMAT WAS PRESENTLY NEGOTIATING PRIVATE SALE OF COMPANY S PRODUCT LINE AND CURRENT INVENTORY. WHILE MCPHEELY WAS APPREHENSIVE ABOUT GIVING

EXACT FIGURE FOR TOTAL VALUE OF COMPANY S FIXED ASSETS, HE
INDICATED THAT COMPANY EXPECTED RECEIVE SUM CLOSE TO ESTIMATED
VALUE AS RESULT OF FINAL SALE.

3. IN DISCUSSION CONCERNING REMAINING 30 EMPLOYEES AT
PLANT, MCPHEELY POINTED OUT THAT COMPANY STILL HAD WARRANTY
AND SERVICING AGREEMENTS WITH NUMEROUS COMPANIE S THROUGHOUT
EUROPE AND WAS THEREFORE INITIATING SERVICE-TRAINING PROGRAM
FOR REMAINING 30 WORKERS WHO AFTER TRAINING WOULD BE CONTRACTED
IN ITALY UNDER LA SALLE-CIMAT U.S. PARENT COMPANY ACME OF
CLEVELAND TO PROVIDE SERVICE WORK THROUGHOUT EUROPE.

4. COMMENT: LA SALLE-CIMAT WAS ONE OF FIRST IN SERIES OF U.S.
AFFILIATES IN PIEDMONT REGION TO INITIATE LIQUIDATION
PROCEEDINGS IN LAST YEAR AND HALF. THE ISSUES WHICH AROSE
AS RESULT OF SUCH PROCEEDINGS MAGNIFIED LABOR PROBLEMS AS
WELL AS FINANCIAL PROBLEMS MANY U.S. COMPANIES ARE CONFRONTED
WITH WHILE OPERATING IN ITALIAN MARKET. ALTHOUGH LA SALLE-
CIMAT AND SEVERAL OTHER U.S. FIRMS NOW IN PROCESS OF LIQUIDA-
TION APPEAR TO BE MAKING FINAL DEPARTURE ITALIAN MARKET UNDER
MUCH CALMER CIRCUMSTANCES THAN INITIALLY, SEVERAL
PRECEDENTS HAVE BEEN SET THROUGHOUT COURSE OF THESE LIQUIDA-
TIONS, I.E., SINGER REQUISITION BY LEINI GOVERNMENT (TURIN
0225) WHICH COULD HAVE LONG TERM EFFECT AS REGARDS FUTURE
APPROACH U.S. FIRMS IN ITALIAN MARKET.

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